

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

AEPC_2020_02

Certification of Reserve Capacity

Submitted by	
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Submission

Clause 2.10.7 of the Wholesale Electricity Market Rules provides that any person may make a submission for a Procedure Change Proposal (including proposals developed by AEMO, the Economic Regulation Authority or the Rule Change Panel) by completing this Procedure Change Submission form.

Submissions should be provided by email to the nominated contact in the call for submissions published with the Procedure Change Proposal.

Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions

NewGen Kwinana (NPK) welcomes the opportunity to provide feedback on the Procedure Change Proposal AEPC_2020_02. NPK agrees that the proposed changes by AEMO will add clarity to the procedure which will, in turn, speed up the Certification of Reserve Capacity process for Market Participants.

NPK believes that changes such as the specification of supporting documentation for the application and the removal of redundant steps allows for a smoother process. Similarly, formally introducing discretion for AEMO to assess application, providing an opportunity for a preliminary check limits the possibility of an application being rejected due to insufficient or inaccurate information. The specification of how AEMO determines the level of Certified Reserve Capacity is welcomed as it adds transparency to AEMO's process.

NPK supports the addition of step 5.3.4 in the Market Procedure which details the requirement of 90% of firm fuel to be procured. This provision provides clarity of AEMO's fuel assessments and provides an opportunity for better commercial outcomes, allowing Market Participants to leverage spot fuel and transportation markets.

Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Rules.

NPK believes that this Procedure Change Proposal is consistent with WEM Objectives (b) and (d).

As mentioned above, the changes will remove barriers to entry in the market by streamlining the Certification of Reserve Capacity process whilst also increasing transparency to AEMO's processes.

The proposal will also reduce the cost of supplying electricity by clearly defining the requirements surrounding firm fuel; reducing the potential of over contracting for day to day commercial operation and leveraging spot fuel and transportation markets.

Please indicate if the Procedure Change Proposal will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

NPK believes that the impact of this procedure change will be negligible with only minor changes to internal procedures.

Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.

The time required for implementing these changes will also be negligible.